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DEPARTMENT FOR EUR/WE; UNVIE FOR AMB SCHULTE

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TAGS: [PARM](#) [PREL](#) [MNUC](#) [MASS](#) [PINS](#) [PTER](#) [SP](#)
SUBJECT: SPAIN: UNVIE AMBASSADOR SCHULTE RAISES AWARENESS
OF POTENTIAL IRANIAN NUCLEAR THREAT

Classified By: DCM HUGO LLORENS PER 1.4 (B/D)

SUMMARY

¶1. (U) UNVIE Ambassador Greg Schulte visited Madrid January 10-11 to raise the awareness of GOS officials and the public regarding the threat posed by the ongoing Iranian nuclear weapons program. On the government side, Schulte met with National Security Advisor Carles Casajuana, Deputy Foreign Minister Bernadino Leon, and five influential members of the Congress' Defense and Foreign Relations Commissions (from both the governing and the major opposition party). Schulte also met with nonproliferation experts from leading Spanish think tanks, held a well-attended media roundtable, and conducted a one-on-one press interview with Spain's leading conservative daily newspaper.

¶2. (S/NF) Leon told Schulte that U.S.-European "unity and pressure" were key in the effort to constrain the Iranian nuclear weapons program. He said Spain was concerned that a nuclear weapon-armed Iran could lead Arab states such as Saudi Arabia and Egypt to seek nuclear weapons and that this could in turn encourage Spain's neighbors in the Maghreb to seek such weapons. Leon said that Spain was actively discouraging Spanish companies from operating in Iran. He said Spain would support additional EU measures against Iran, beyond those mandated by UNSCR 1737. He underscored Spain's enormous faith in EU foreign policy chief (and Spanish national) Javier Solana and indicated that Spain would support whatever additional measures Solana tables for EU consideration. Leon also said that former Spanish Prime Minister Felipe Gonzalez would not travel to Iran again.

¶3. (S/NF) Casajuana agreed that unity and pressure were key but was less forward-leaning in the discussion of possible additional EU measures beyond UNSCR 1737, stressing that Europe should wait until IAEA DG ElBaradei tables his next 60-day report (21 February) before considering additional measures. Casajuana stressed that greater efforts to resolve the Israeli-Palestinian conflict could reduce Iran's regional influence and thus directly assist efforts to constrain its nuclear weapons program. He also noted that the safety of Spanish soldiers deployed in Afghanistan near the border with Iran and in Lebanon in Iranian-backed Hizbollah controlled territory impacted on Spain's approach toward Iran.

¶4. (S/NF) Leon was more sympathetic to Schulte's proposals, but he has a track record of getting ahead of Spanish policy and not always fully or quickly delivering on his commitments. Casajuana's caution was likely a better indicator of current GOS policy on the Iranian nuclear issue.

That said, Schulte's visit helped insure that Spain will continue to back the EU3 efforts and that Iran will not be able to drive wedges between Spain and either the EU3 or the U.S. However, we do not expect that Spain will take a leadership position in encouraging the EU to take measures beyond those mandated in UNSCR 1737. The best way to ensure Spain's support for additional measures remains via Javier Solana. END SUMMARY.

MEETING WITH DEPUTY FOREIGN MINISTER LEON

¶5. (U) In his meeting with Leon and all other interlocutors, Schulte stressed that President Bush had instructed him to work closely with our European allies to meet the challenge posed by the Iranian nuclear weapons program. He said that while passage of UNSCR 1737 took longer than we hoped and was weaker than we liked, it was still very significant for three reasons: (1) it was passed unanimously; (2) it places Iran in the company of the likes of the DPRK and Sudan under Chapter 7 sanctions; and, (3) its limited sanctions have real bite and have already had an impact in Tehran. Schulte said that we need to work together to ensure that UNSCR 1737 is implemented while we wait for IAEA DG ElBaradei to issue his next 60-day report on February 21. But in the meantime, the U.S., Europe and others (e.g.,

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Japan) need to start escalating pressure on Iran by agreeing to additional measures beyond those mandated in 1737, while simultaneously giving Iran a way out by reiterating that the June 2006 "carrots" package remains on the table. He said that these additional measures should probably be in the economic/financial area, and could include reducing exports credits and prohibiting arms sales to Iran.

¶6. (S/NF) Leon said that Spain's assessment of Iranian intentions tracked with that of the U.S. and that the two key words describing GOS views on this issue were "pressure and unity." He said that pressure was beginning to modify Iranian behavior, in part because Iran knows that Europe and the U.S. are united. Spain will continue to support U.S./EU3 efforts on Iran and senior Spanish officials will continue to reiterate this in public comments. Leon indicated that Spain was concerned that a nuclear-armed Iran could lead Arab states such as Saudi Arabia and Egypt to seek nuclear weapons and that this could in turn encourage Spain's neighbors in the Maghreb to seek such weapons. As a result, Spain had formed an inter-ministerial working group under former Spanish Ambassador to Iran Leopoldo Stampa to analyze the proliferation impact of a nuclear-armed Iran. Leon encouraged Schulte to meet with Stampa. (Note: Schulte was not able to do so and Embassy Madrid will ensure that Schulte is appraised of the results of Stampa's study. End Note).

¶7. (S/NF) Leon agreed that further economic/financial measures could help increase the pressure on Iran. He said that Spain has been telling its companies not to invest in Iran and has encouraged Spanish companies already in Iran, such as the BBVA bank, to close down their Iranian operations. He said BBVA, the only Spanish bank active in Iran, was in the process of closing down its Iranian operations and that Iran was doing all it could to slow BBVA's departure. Leon underscored that Spain would support whatever additional measures Javier Solana comes up with. "Javier has the lead; what he tables, we will support." Leon closed his remarks by repeating that Spain fully backs the EU3 and that there is a "very strong consensus within the EU" on Iran.

18. (S/NF) Ambassador Aguirre, who accompanied Schulte to the meeting, thanked Leon for GOS support in preventing a recent civil aircraft sale by a Spanish company to Iran (reported septel) and underscored the need for increased vigilance, as Iran will certainly attempt to woo Spanish companies to fill gaps created by the departure of other European companies. He said that the U.S. and Spain must continue to work together to keep Spanish companies out of Iran. He also raised former Spanish Prime Minister Felipe Gonzalez's travel last year to Iran, noting that this sent a mixed message. Leon said that Gonzalez had fully briefed senior Spanish and U.S. officials about his travel and that his involvement "was now over." He repeated that "Felipe has decided not to travel to Iran again" but noted that Gonzalez remained available as a mediator should we ever need him.

MEETING WITH NATIONAL SECURITY ADVISOR CASAJUANA

19. (S/NF) Schulte, who was accompanied by the DCM, repeated his message outlined in paragraph four above, stressing that when the U.S. and Europe are apart, bad things happen, and that when we are together, we can stop wars. He mentioned that Leon had emphasized pressure and unity in his meeting the previous day. Casajuana said that Leon had stolen his talking points and underscored that the key point was to maintain and strengthen the U.S.-EU consensus on the Iranian nuclear program. He said that Spain would fully implement UNSCR 1737 and had already taken measures to do so. Casajuana agreed that putting Iran under Chapter 7 sanctions had had a big psychological impact on Iran and that it was time to "strengthen our position and unity on Iran." He noted that Spain was not in either the UNSC of the EU3 and would "follow U.S. and EU3 leadership on Iran." He stressed that Spain would in particular support Solana's Iran efforts. Casajuana said that during his visit to Spain late last year, Iranian negotiator Larijani was clearly told that Iran

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must comply with the demands of the U.S./EU3. "We closed the door to all back ways of dialogue and negotiation and told Larijani to negotiate with Solana."

110. (S/NF) Regarding additional measures beyond those contained in UNSCR 1737, Casajuana said "we need to think" and "should not be in a hurry." He said we should wait until ElBaradei delivers the next 60-day report on February 21 before engaging seriously on additional measures. Casajuana said Spain could support additional measures if Russia and China were on board. His message was "keep the consensus and build on it, even it takes longer than we like." He said that we also needed to continually remind the Iranian government and people of the carrots on the table (i.e., that there is a way out that would allow Iran to have a peaceful nuclear program and gain significant western cooperation).

111. (S/NF) Schulte said that Iran was clearly trying to drive wedges between Russia/China and the U.S/EU3 and had also tried to drive wedges between Spain/Italy and the EU3. He said we appreciated Spain's clear "no" to Iran's attempts. He agreed on the need to reiterate the carrot offer and better explain it to the Iranian people. Schulte underscored that Europe has economic/financial leverage over Iran and needs to use it now via additional measures beyond those in UNSCR 1737. He stressed that while the U.S. used to handle the sticks and the EU the carrots, the U.S. had agreed to join the June 2006 carrot package and it was now time for the EU to do more on the stick side via additional measures.

112. (S/NF) Casajuana said that Iran's emergence as a regional power was making it feel immune to our pressure. He said that the conflicts in Afghanistan and Iraq, as well as the Israeli-Palestinian dispute, had increased Iranian regional influence. Reducing that influence might help our

efforts to convince Iran to give up its nuclear weapons program. One way to do this, he noted, would be through greater efforts to resolve the Israeli-Palestinian dispute. He also said that the presence of 700 Spanish troops in Afghanistan, many of them near the border with Iran, and 1,100 Spanish troops in Hizbollah-controlled territory in Lebanon means that Iran could easily "make mischief" for Spain. While arguing that this factor was not linked to Spain's Iran policy, Casajuana underscored that "this is always in our minds."

¶13. (S/NF) Schulte stressed that Secretary Rice would make greater efforts on the Israeli-Palestinian conflict over the coming two years and that the outcome in Iraq would also have great influence on Iranian behavior. If we succeed in Iraq, Iranian influence would be reduced. But if we fail, it would boost both Iran and terrorism. He underscored that Iran was already killing coalition soldiers in Iraq via the provision of sophisticated IED technology.

¶14. (S/NF) The conversation ended with Casajuana reiterating the need to wait for the next 60-day report before considering further measures and Schulte reiterating that the EU needs to undertake such measures now. Schulte concluded by noting that Prime Minister Zapatero had told Ambassador Aguirre in their first meeting that Iran was our greatest long-term security challenge. President Bush agrees and the time for both the U.S. and Europe to act is now.

COMMENT

¶15. (S/NF) Leon was more sympathetic than Casajuana to Schulte's message. But Leon has a track record of getting ahead of Spanish policy and is not always able to fully or quickly deliver on his commitments. While Leon's comments about encouraging Spanish companies and Felipe Gonzalez to stay out of Iran were probably accurate, Casajuana's caution was likely a more accurate reflection of overall GOS policy on the Iranian nuclear issue. That said, Schulte's visit will help insure that Spain will continue to back the EU3 efforts and that Iran will not be able to drive wedges between Spain and either the EU3 or the U.S. However, as Casajuana clearly signaled, we do not expect Spain to take a

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leadership position in encouraging the EU to take measures beyond those mandated in UNSCR 1737. The best way to ensure Spain's support for additional measures remains via Javier Solana. If Solana can build a EU consensus around additional measures, Spain will almost certainly support it.

Aguirre